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FOLLOWING REPEAT OECD PARIS 19331 ACTION SECSTATE 1 JUL QUOTE

UNCLAS OECD PARIS 19331

DEPT PASS DOC FOR DAS SHERWIN, D. PETERSON, E. FORMAN

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: INDUSTRY COMMITTEE MEETING, JUNE 23-25

1. SUMMARY. GENERALLY SURPRISE-FREE MEETING OF THE IC WENT AS SCHEDULED. LAST MEETING FOR DIRECTOR OSHIMA WHO IN OPENING REMARKS EMPHASIZED CONCLUSION THAT MACRO APPROACHES TO NON-INFLATIONARY GROWTH ARE INADEQUATE IN DEALING WITH SECTORAL CONCERNS. THUS THE IC HAS A CLEAR MICRO ROLE IN BRIDGING THE GAP. HE ALSO MADE POINT THAT MINISTERIAL COMMUNIQUE OF 22 JUNE NOTED THAT "INADEQUATE INVESTMENT LEADS TO SUPPLY BOTTLE-NECKS" WHICH MUST BE AVOIDED.

US DEL WAS MODERATELY SUCCESSFUL IN EFFORTS TO TERMINATE IRON/STEEL AND ALUMINUM WPS. WHILE THESE WPS WERE "TERMINATED", INDUSTRY ISSUES WILL BE DISCUSSED ONCE A YEAR BY GROUPS OF EXPERTS. DECISION ON FUTURE OF PULP/PAPER WP WAS DEFERRED TO NOVEMBER MEETING. IC REJECTED AUSTRALIAN AUTOMOBILE PROPOSAL. NEXT BUREAU MEETING SCHEDULED FOR OCTOBER 21-22 AND NEXT IC FOR NOVEMBER

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15-17. DAVID PETERSON, US DOC, LED US DEL. END

SUMMARY.

2. DISCUSSION OF PERSPECTIVE REVIEWS EMPHASIZED FOLLOWING POINTS: GERMANY - ENACTMENT OF "MITBESTIMMUNG" LAWS CALLING FOR EQUAL LABOR REPRESENTATION ON BOARDS OF ALL BIG BUSINESSES; SWEDEN - INTRODUCTION OF STOCKPILING PROGRAM LAST YEAR; AUSTRALIA - PREPARATION OF INVESTMENT WHITE PAPER AND CONCERN FOR RESTRUCTURING OF AUTOMOBILE INDUSTRY; FRANCE - INFLATION AS KEY PROBLEM; UK - INFLATION AND UNEMPLOYMENT CONCERNS. FLEXIBLE FORMAT FOR PERSPECTIVE REVIEW RETAINED WITH EMPHASIS ON GENERAL ECONOMIC CONDITIONS, SPECIFIC PROBLEMS AND GOVERNMENT POLICIES.

3. SECRETARIAT WAS CLOSELY QUESTIONED BY IC AS TO MEANING OF "ADAPTATION", AND "INDUSTRIAL STRUCTURES". IC SUBSEQUENTLY AGREED THAT SECRETARIAT REVIEW AND REVISE RELEVANT DOCUMENTS FOR DELEGATION STUDY.

4. DISCUSSION BY USDEL OF PROPOSED STUDY OF MEDIUM TERM FINANCIAL REQUIREMENTS OF INDUSTRY RECEIVED WIDE SUPPORT, ESPECIALLY IN VIEW OF OSHIMA'S OPENING STATEMENT. SECRETARIAT TO WORK WITH USDEL IN REFINING THE PROJECT, PARTICULARLY WITH RESPECT TO METHODOLOGY FOR DISCUSSION/ADOPTION IN NOVEMBER MEETING AS PRELUDE TO 1977 WORK PROGRAM. IC EXPRESSED MUCH INTEREST IN JUNE 28-29 MEETING OF COAL EXPERTS UNDER IEA AEGIS' DECISION ON RAW MATERIALS AS AREA OF WORK WAS DEFERRED UNTIL NOVEMBER. (SEE US POSITION IN PARA 9 BELOW.)

5. HEATED DISCUSSION OF CONTINUED EXISTENCE OF AD HOC WORKING PARTIES FOUND USDEL ALONE IN FAVORING TERMINATION OF PULP AND PAPER GROUP. IC DECIDED THAT WP SHOULD "COMPLETE" ENERGY ASPECTS, "LOOK INTO" WASTE AND ENVIRONMENTAL ASPECTS AS BRIDGE WITH ENVIRONMENT COMMITTEE BEFORE NOVEMBER MEETING. AFTER WHICH IC WOULD DECIDE ON FUTURE OF PULP/PAPER WP. WHILE ALUMINUM AND IRON/STEEL WPS WERE TERMINATED BY IC, THE DOOR WAS LEFT OPEN FOR EXPERTS TO MEET ONCE A YEAR. (COMMENT: MISSION IS OF OPINION THAT MANY OF THESE EXPERTS WILL BE SAME MEMBERS OF THE FORMER WORKING PARTIES, AND WILL UNCLASSIFIED

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CONTINUE TO SEEK NEW MANDATES FROM IC. END COMMENT).
DECISION ON TEXTILES DEFERRED UNTIL NOVEMBER WHEN ADDITIONAL INFORMATION WILL BE AVAILABLE.

6. IC EXPRESSED CONSIDERABLE INTEREST IN ENVIRONMENTAL CONCERNS THAT AFFECT INDUSTRY. AS ANNEX TO ENVIROEHT COMMITTEE REPORT DSTI/IND/76.41 FOCUSED LARGELY ON IC ISSUES, IC NOTED THAT CLOSER COORDINATION BETWEEN THE

TWO COMMITTEES IS ESSENTIAL.

7. CHAIRMAN OF WP9 (INDUSTRIAL STATISTICS) REPORTED ON WP9'S PROPOSALS TO EFFECT PROGRAM CUTS. THIS WAS FOLLOWED BY HEATED DEBATE BETWEEN CHAIR AND SEVERAL DELS RE ULTIMATE AUTHORITY FOR DECIDING ON CUTS. THESE DELS ASKED IF SUCH AUTHORITY WAS WITH COUNCIL OR SECGEN. ON FOLLOWING DAY THE IC RECEIVED VIEWS OF OECD LEGAL ADVISER AS TO RELATIONSHIPS OF SECRETARY GENERAL (WHO HAD REQUESTED CUTS), THE COUNCIL AND EXCOMM' LEGAL ADVISER SAID THAT COUHCIL HAD APPROVED OF SECGEN'S PROPOSAL TO EFFECT CUTS IH OECD STATISTICAL WORK. IC THEN ACCEPTED WP9 RECOMMENDATIONS TO "STREAMLINE" ITS ACTIVITIES AND TO CUT CEMENT. IC AGAIN REQUESTED SECRE-TARIAT TO PROVIDE IT WITH COST DATA FOR WP9 PROGRAM.

8. AUSTRALIAN MOTOR VEHICLE STUDY MET WITH UNIVERSAL OPPOSITION OR LACK OF IHTEREST (EXCEPT JAPAN) AND WAS DROPPED.

9. 1977 PROGRAM OF WORKK REMAIHS IN FORMULATIVE STAGE WITH THE FOLLOWING ITEMS EXPECTED TO BE INCLUDED FOR FINAL CONSIDERATION AT NOVEMBER MEETING: PERIODIC REVIEW OF CURRENT CHANGES AND PERSPECTIVE REVIEW; FUTURE INDUSTRIAL STRUCTURES PROJECT (AD HOC GROUP); ADAPTATION PROCESS AND POLICIES AND POLICY IHSTRUMENTS; REGIONAL ISSUES (WP6); MNE'S (WP1); INVESTMENT IN INDUSTRY (US PROPOSAL); ENERGY AND RAW MATERIALS (US POSITION WAS FUTURE WORK ON ENERGY AND RAW MATERIAL SHOULD RELATE DIRECTLY TO THE NEEDS OF HIGH LEVEL GROUP ON COMMODITIES AND IEA, AND SHOULD BE COORDINATED CLOSELY WITH THEM AND OTHER RELEVANT BODIES); INDUSTRIAL STATISTICS (WP9); VERTICAL ACTIVITIES (NORWAY-SWEDEN PETROCHEMICAL UNCLASSIFIED

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PROPOSAL TO RECEIVE FURTHER CONSIDERATION); JOINT IC-CSTP TECHNOLOGY AND STRUCTURAL ADAPTATION PROJECT.

10. DEVELOPMENT COOPERATION RECEIVED LIMITED DISCUSSION AND IC WILL AWAIT HIGH LEVEL GROUP POLICY DIRECTIVES.

11. MNE CONTINUED AS ITEM OF IMPORTANCE WHICH WP1 WILL CONTINUE TO STUDY.

12. SECRETARIAT REVIEWED WORK IN THE SERVICE SECTOR; ADDITIONAL DOCUMENTATION WILL BE DEVELOPED, AHD SUPPLIED TO THE IC.

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